

QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE QUARTER ENDED SEPTEMBER 30, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

BALANCE SHEETS

AS OF SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 29,537	\$ 23,927
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2001, \$13,356; 2000, \$14,768).....Note 2.....	70,496	48,978
4	Inventories.....Note 1.....	3,462	3,696
5	Prepaid Expenses and Other Current Assets.....Note 3.....	2,828	22,689
6	Total Current Assets.....	106,323	99,290
7	Investments, Advances, and Receivables.....Note 4.....	14,591	15,557 *
8	Property and Equipment - Gross.....Notes 1, 5 & 11.....	843,303	809,860
9	Less: Accumulated Depreciation and Amortization.....	(300,683)	(266,256)
10	Property and Equipment - Net.....	542,620	543,604
11	Other Assets.....	207	3,585 *
12	Total Assets.....	\$ 663,741	\$ 662,036
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 9,102	\$ 9,739 *
14	Notes Payable.....Note 6.....	-	312
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....Note 10.....	-	- *
16	Other.....Note 11.....	357	19 *
17	Income Taxes Payable and Accrued.....Note 1.....	-	18,518
18	Other Accrued Expenses.....Note 8.....	27,671	35,784 *
19	Other Current Liabilities.....Note 9.....	43,160	42,605 *
20	Total Current Liabilities.....	80,290	106,977
	Long-Term Debt:		
21	Due to Affiliates.....Note 10.....	518,330	494,999 *
22	Other.....Note 11.....	1,323	1,991 *
23	Deferred Credits.....Note 7.....	-	16,673
24	Other Liabilities.....	5,047	8,762 *
25	Commitments and Contingencies		
26	Total Liabilities.....	604,990	629,402
27	Stockholders', Partners', or Proprietor's Equity.....	58,751	32,634
28	Total Liabilities and Equity.....	\$ 663,741	\$ 662,036

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

*Reclassifications have been made in the prior period financial statements in order to conform
with the presentation used in the current period.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 359,677	\$ 364,117 *
2	Rooms.....	30,362	30,742 *
3	Food and Beverage.....	48,813	44,104 *
4	Other.....	18,995	17,643 *
5	Total Revenue.....	457,847	456,606
6	Less: Promotional Allowances.....Note 1.....	60,046	54,162
7	Net Revenue.....	397,801	402,444
	Costs and Expenses:		
8	Cost of Goods and Services.....	196,638	185,250 *
9	Selling, General, and Administrative.....	78,211	84,402 *
10	Provision for Doubtful Accounts.....	1,229	4,403
11	Total Costs and Expenses.....	276,078	274,055
12	Gross Operating Profit.....	121,723	128,389
13	Depreciation and Amortization.....Note 1.....	26,063	28,618
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 12.....	11,926	11,998
15	Other.....Note 12.....	4,631	4,483
16	Income (Loss) from Operations.....	79,103	83,290
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 6 & 10.....	(32,953)	(40,125)
18	Interest (Expense) - External.....Note 11.....	(188)	(466)
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(2,643)	(947)
20	Nonoperating Income (Expense) - Net.....Note 13.....	312	415
21	Total Other Income (Expenses).....	(35,472)	(41,123)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	43,631	42,167
23	Provision (Credit) for Income Taxes.....Note 1.....	17,823	17,274
24	Income (Loss) Before Extraordinary Items.....	25,808	24,893
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 25,808	\$ 24,893

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STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 135,752	\$ 133,172 *
2	Rooms.....	10,625	11,543 *
3	Food and Beverage.....	17,498	16,449 *
4	Other.....	6,187	7,059 *
5	Total Revenue.....	170,062	168,223
6	Less: Promotional Allowances.....Note 1.....	21,977	19,706
7	Net Revenue.....	148,085	148,517
	Costs and Expenses:		
8	Cost of Goods and Services.....	69,106	63,902 *
9	Selling, General, and Administrative.....	28,791	25,458 *
10	Provision for Doubtful Accounts.....	(541)	2,394
11	Total Costs and Expenses.....	97,356	91,754
12	Gross Operating Profit.....	50,729	56,763
13	Depreciation and Amortization.....Note 1.....	8,427	8,895
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 12.....	4,371	4,386
15	Other.....Note 12.....	1,564	1,518
16	Income (Loss) from Operations.....	36,367	41,964
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 6 & 10.....	(11,105)	(12,536)
18	Interest (Expense) - External.....Note 11.....	67	(139)
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(1,305)	(234)
20	Nonoperating Income (Expense) - Net.....Note 13.....	94	96
21	Total Other Income (Expenses).....	(12,249)	(12,813)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	24,118	29,151
23	Provision (Credit) for Income Taxes.....Note 1.....	9,852	10,961
24	Income (Loss) Before Extraordinary Items.....	14,266	18,190
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 14,266	\$ 18,190

The accompanying notes are an integral part of the financial statements.

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TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1999.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ (39,694)	\$ 7,741
2	Net Income (Loss) - 2000.....							25,202	25,202
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								-
5	Prior Period Adjustments.....								-
6									-
7									-
8									-
9									-
10	Balance, December 31, 2000.....	100	1,370	-	-	46,065	-	(14,492)	32,943
11	Net Income (Loss) - September 30, 2001.....							25,808	25,808
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Prior Period Adjustments.....								-
15									-
16									-
17									-
18									-
19	Balance, September 30, 2001.....	100	\$ 1,370	-	\$ -	\$ 46,065	\$ -	\$ 11,316	\$ 58,751

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999.....	\$	\$	\$	\$
2	Net Income (Loss) - 2000.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7				
8				
9				
10	Balance, December 31, 2000.....				
11	Net Income (Loss) - 2001.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16				
17				
18				
19	Balance, September 30, 2001.....	\$	\$	\$	\$

THIS FORM IS NOT APPLICABLE

The accompanying notes are an integral part of the financial statements.
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STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 63,577	\$ 95,845
2	CASH FLOWS FROM INVESTING ACTIVITIES:		
3	Purchase of Short-Term Investment Securities.....		
4	Proceeds from the Sale of Short-Term Investment Securities.....		
5	Cash Outflows for Property and Equipment.....	(28,700)	(11,097)
6	Proceeds from Disposition of Property and Equipment.....	1	2,018
7	Purchase of Casino Reinvestment Obligations.....	(2,531)	(3,325) *
8	Purchase of Other Investments and Loans/Advances made.....	656	706 *
9	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....		100 *
10	Cash Outflows to Acquire Business Entities.....		
11			
12	Net Cash Provided (Used) By Investing Activities.....	(30,574)	(11,598)
13	CASH FLOWS FROM FINANCING ACTIVITIES:		
14	Cash Proceeds from Issuance of Short-Term Debt.....		-
15	Payments to Settle Short-Term Debt.....		(23,833) *
16	Cash Proceeds from Issuance of Long-Term Debt.....		
17	Costs of Issuing Debt.....		
18	Payments to Settle Long-Term Debt.....	(230)	(41,915) *
19	Cash Proceeds from Issuing Stock or Capital Contributions.....		
20	Purchases of Treasury Stock.....		
21	Payments of Dividends or Capital Withdrawals.....		
22			
23	Borrowings/Payments of Intercompany Payable.....	(39,750)	(25,596) *
24	Net Cash Provided (Used) By Financing Activities.....	(39,980)	(91,344)
25	Net Increase (Decrease) in Cash and Cash Equivalents.....	(6,977)	(7,097)
26	Cash and Cash Equivalents at Beginning of Period.....	36,514	31,024
27	Cash and Cash Equivalents at End of Period.....	\$ 29,537	\$ 23,927
27	CASH PAID DURING PERIOD FOR:		
28	Interest (Net of Amount Capitalized).....	\$ 33,089	\$ 34,320
28	Income Taxes.....	\$ 17,823	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

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STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ 25,808	\$ 24,893
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	25,832	26,372
31	Amortization of Other Assets.....	231	2,246
32	Amortization of Debt Discount or Premium.....		
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....		1 *
35	(Gain) Loss on Disposition of Property and Equipment.....	-	(6)
36	(Gain) Loss on Casino Reinvestment Obligations.....	2,643	947
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(2,694)	(5,598) *
39	Net (Increase) Decrease in Inventories.....	225	1,110
40	Net (Increase) Decrease in Other Current Assets.....	(260)	(784) *
41	Net (Increase) Decrease in Other Assets.....	2,744	73 *
42	Net Increase (Decrease) in Accounts Payable.....	1,307	(2,544) *
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	11,328	48,918 *
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	(3,587)	217 *
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 63,577	\$ 95,845

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 28,700	\$ 11,097
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ 28,700	\$ 11,097
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....		
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

*Reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	182,045	\$ 7,773		
2	Food	520,892	8,629		
3	Beverage	778,590	4,075		
4	Travel			4,184	\$ 1,393
5	Bus Program Cash			220,680	2,450
6	Other Cash Complimentaries			206,502	11,045
7	Entertainment	30,036	789	9,354	152
8	Retail & Non-Cash Gifts	31,585	563	33,564	1,927
9	Parking				
10	Other*	1,305	148	1,293	497
11	Total	1,544,453	\$ 21,977	475,577	\$ 17,464

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	398,657	\$ 20,788		
2	Food	1,369,488	22,609		
3	Beverage	2,342,006	11,859		
4	Travel			17,032	\$ 4,486
5	Bus Program Cash			546,481	7,473
6	Other Cash Complimentaries			569,466	27,287
7	Entertainment	146,704	2,984	15,236	421
8	Retail & Non-Cash Gifts	157,321	1,447	34,013	3,860
9	Parking				
10	Other*	2,712	359	2,622	1,186
11	Total	4,416,888	\$ 60,046	1,184,850	\$ 44,713

* No single item within "Other" exceeds 5% of the total.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Park Place Entertainment ("PPE"). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2000.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at September 30, 2001 and 2000, and its statements of income for the three and nine months ended September 30, 2001 and 2000 and its statements of cash flows for the nine months ended September 30, 2001 and 2000. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the nine months ended September 30, 2001 and 2000 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2001. These reclassifications had no impact on previously reported net income.

Inventories

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

Property and equipment

Depreciation of property and equipment is provided on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$8,696 and \$8,447 for the three months ended September 30, 2001 and 2000, respectively, and \$25,832 and \$26,372 for the nine months ended September 30, 2001 and 2000, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings and improvements	10-40 years
Furniture, Fixtures and Equipment	3-8 years

Long-lived assets

The provisions of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets," require, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company does not believe that any such changes have occurred.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at September 30, 2001 and 2000.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Income taxes

The Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the results of operations. The corresponding liability or receivable is credited or charged to PPE. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE. Prior to October 2000, the corresponding liability or receivable and deferred income taxes were accounted for by the Company.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

New Accounting Standard

Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 January 1, 2001. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Casino receivables (net of allowance for doubtful accounts – 2001, \$13,124; 2000, \$14,456)	\$ 14,127	\$ 20,249
Other (net of allowance for doubtful accounts – 2001, \$232; 2000, \$312)	3,391	3,733
Due from PPE	<u>52,978</u>	<u>24,996</u>
	<u>\$70,496</u>	<u>\$ 48,978</u>

NOTE 3 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Deferred income taxes	\$ -	\$ 19,270
Other	<u>2,828</u>	<u>3,419</u>
	<u>\$ 2,828</u>	<u>\$ 22,689</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments advances and receivables as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
CRDA deposits	\$ 10,419	\$ 8,323
CRDA bonds receivable	2,299	2,149
CRDA Seat License Agreement	6,009	6,683
Other, net	<u>47</u>	<u>47</u>
	18,774	17,202
Less: valuation allowance on CRDA investments	<u>(4,183)</u>	<u>(1,645)</u>
	<u>\$14,591</u>	<u>\$ 15,557</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Land	\$ 117,905	\$ 117,880
Buildings and improvements	533,726	512,968
Furniture, fixtures and equipment	176,883	166,205
Construction in progress	<u>14,789</u>	<u>12,807</u>
	843,303	809,860
Less accumulated depreciation and amortization	<u>(300,683)</u>	<u>(266,256)</u>
	<u>\$ 542,620</u>	<u>\$ 543,604</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 6 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Park Place Finance Corporation (PPFC), a wholly owned subsidiary of PPE. At September 30, 2001, there was no outstanding balance.

The Company maintained a revolving line of credit (Grid Note) with Desert Palace, Inc. (DPI), a wholly owned subsidiary of CWI. The total commitment was \$50,000. The average of the month-end amount outstanding for 2000 was \$14,379, and the weighted-average interest rate was 8.58%. This revolving line of credit was terminated June 2000.

In December 1999, the Company entered into a \$1,798 loan agreement with a vendor. The principal plus accrued interest was payable in twelve equal installments of \$158 with the first installment made in December 1999. Interest is computed at 10% per annum on the unpaid principal balance. As of December 2000, this loan had been satisfied.

NOTE 7 – DEFERRED CREDITS

Noncurrent deferred credits of \$16,673 at September 30, 2000, represent noncurrent deferred income taxes which result from timing differences between income for financial reporting purposes and income for tax purposes. The most significant timing differences, included in deferred credits and prepaid expenses (NOTE 3), relate to the allowance for doubtful accounts, depreciation, and certain accrued liabilities. Deferred income tax amounts were transferred to and are accounted for by PPE.

NOTE 8 - OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Accrued payroll and benefits	\$10,583	\$16,813
Insurance claims	3,847	3,978
Real estate taxes	3,407	2,989
Other	<u>9,834</u>	<u>12,004</u>
	<u>\$27,671</u>	<u>\$35,784</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9- OTHER CURRENT LIABILITIES

Other current liabilities as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Due to affiliates-other	\$38,187	\$ 21,385
Due to DPI	-	16,434
Unredeemed slot promotions liability	757	1,856
Unredeemed chip and token liability	2,546	2,409
Other	<u>1,670</u>	<u>521</u>
	<u>\$43,160</u>	<u>\$42,605</u>

NOTE 10 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
DPI term note due April 30, 2001, interest at 10.00%	\$ -	\$200,000
DPI term note due April 30, 2002, interest at 10.00%	-	24,000
DPI term note due June 30, 2003, interest at 10.00%	-	10,000
DPI term note due August 20, 2001, interest at 10.00%	-	20,000
DPI term note due December 31, 2018, interest at 9.60%	-	240,999
Park Place Finance Corp note due December 31, 2010 at 8.50%	<u>518,330</u>	<u>-</u>
	<u>\$518,330</u>	<u>\$494,999</u>

In December 2000, the DPI Term Notes were satisfied, along with certain inter-company debt with CWI totaling \$13.3 million, and replaced with one note with Park Place Finance Corporation at an interest rate of 8.50% due on December 31, 2010.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 11 – LONG-TERM DEBT, OTHER

Long-term debt, other as of September 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Mortgage Note due October 15, 2011 interest at 10.0%	\$ 790	\$ 809
Capitalized lease obligation, net of amounts representing interest	<u>890</u> 1,680	<u>1,201</u> 2,010
Less :current maturities	<u>(357)</u>	<u>(19)</u>
	<u>\$1,323</u>	<u>\$1,991</u>

NOTE 12 – CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company has recorded expenses for the three months ended September 30 from CWI and affiliates as follows:

		<u>2001</u>	<u>2000</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 4,371	\$ 4,386
Caesars Palace Corp.	Tradename fee	<u>1,564</u>	<u>1,518</u>
		<u>\$ 5,935</u>	<u>\$ 5,904</u>

The Comany has recorded expenses for the nine months ended September 30 from CWI and affiliates as follows:

		<u>2001</u>	<u>2000</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$11,926	\$11,998
Caesars Palace Corp.	Tradename fee	<u>4,631</u>	<u>4,483</u>
		<u>\$16,557</u>	<u>\$16,481</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 13 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income consists primarily of interest income.

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.



Signature

Assitant Vice President/Controller

Title

#6908-11

License Number

On Behalf Of:

Boardwalk Regency Corporation

Casino Licensee